



**U.S. Department of the Interior  
Minerals Management Service  
Alaska OCS Region**

## **Frontier Areas Re-opening in Alaska**

Alaska and its adjacent offshore areas represent the best possibility for lands available for leasing, outside of the deepwater Gulf of Mexico for large oil discoveries in the U.S. Federal areas in the Beaufort and Chukchi Seas, Cook Inlet, and Norton Sound will be offered for lease over the next five years and are an integral part of the President's National Energy Policy.

The hydrocarbon-rich Alaskan North Slope province that contains the two largest oil fields discovered in North America. Prudhoe Bay and Kuparuk, has supplied nearly one quarter of our nation's total annual domestic production since 1977. Current oil production facilities are concentrated at Prudhoe Bay and the Kuparuk River Field. Extending the infrastructure near these two giant fields has allowed numerous smaller fields to become economic. From these facilities, transportation infrastructure has recently pushed west to the Alpine Field, north into the Beaufort Sea at the Northstar field, and east to the Badami Field. The success of the Alpine Field rekindled interest in NPR-A and has led to a lease sale and renewed exploration. Even further to the west and going offshore, the Chukchi Sea is another geologically exciting area with potential resources that could exceed the Beaufort Sea. In the other direction, economic development of the Point

Thomson Field, beyond Badami, would continue the gradual expansion of infrastructure to the east and could promote additional interest in the Hammerhead and Kuvlum discoveries in the Federal offshore. The outlying areas of northern Alaska have experienced limited exploration drilling and many untested plays are available in this frontier province.

In southern Alaska, State areas of the Cook Inlet have been producing oil and gas since the late 1950's. Federal offshore areas in the lower Cook Inlet could hold sizeable quantities of oil and gas that are needed to meet future demands of a growing local consumer and industrial market. Likewise, western Alaska communities are looking for energy to improve their economic outlook and to develop their local resources. In response to their search, MMS will offer areas in Norton Sound, and its likely good gas potential, under a special sale process.

The Department of the Interior is committed to offering these areas for oil and gas leasing while insuring that all activities are conducted in an environmentally responsible manner.

Come talk to us about Alaska's many opportunities!

### **Alaska 5-Year Oil and Gas Leasing Program – 2002-2007**

The Outer Continental Shelf (OCS) Lands Act requires the Secretary of the Interior to prepare and maintain an oil and gas leasing program that indicates the size, timing, and location of leasing activity determined to best meet national energy needs for the 5-year period following its approval.

The Secretary approved the current 5-year program effective July 1, 2002 through June 30, 2007. It proposes a total of eight Alaska lease sales in five OCS planning areas as shown on the accompanying map.

The program schedules multiple lease sales in the Beaufort Sea and Cook Inlet planning areas, the two areas of most interest because of their access to existing infrastructure. Multiple offerings are consistent with the Governor of Alaska's recommendations and the State's annual offerings in these areas. A new presale process is being implemented for these sales. The MMS is writing a single environmental impact statement (EIS) for each planning area to address multiple sales. After the first sale, an environmental assessment will be produced to address subsequent sales. A supplemental EIS will be produced if new information or issues warrant.

A Norton Basin sale is included on the schedule because of the area's natural gas potential, local support, and as a trial for a new approach to OCS leasing for "frontier" areas. The MMS will first issue a request for industry nominations and public comment, and proceed toward a sale with an environmental assessment only if nominations are received. If not, the sale will be postponed one year and the process repeated the following year, until the 5-year program expires. This streamlined process allows a sale to occur approximately 18 months after the first notice. Lease issuance is limited to one sale during the 2002-2007 program. Obtaining a lease via this process requires exploration drilling

within a specified time period – yet to be determined. The MMS carried out this process for a 2003 Norton Basin sale; however, no industry interest was expressed, and the process will be repeated beginning March 2003 for a 2004 sale.

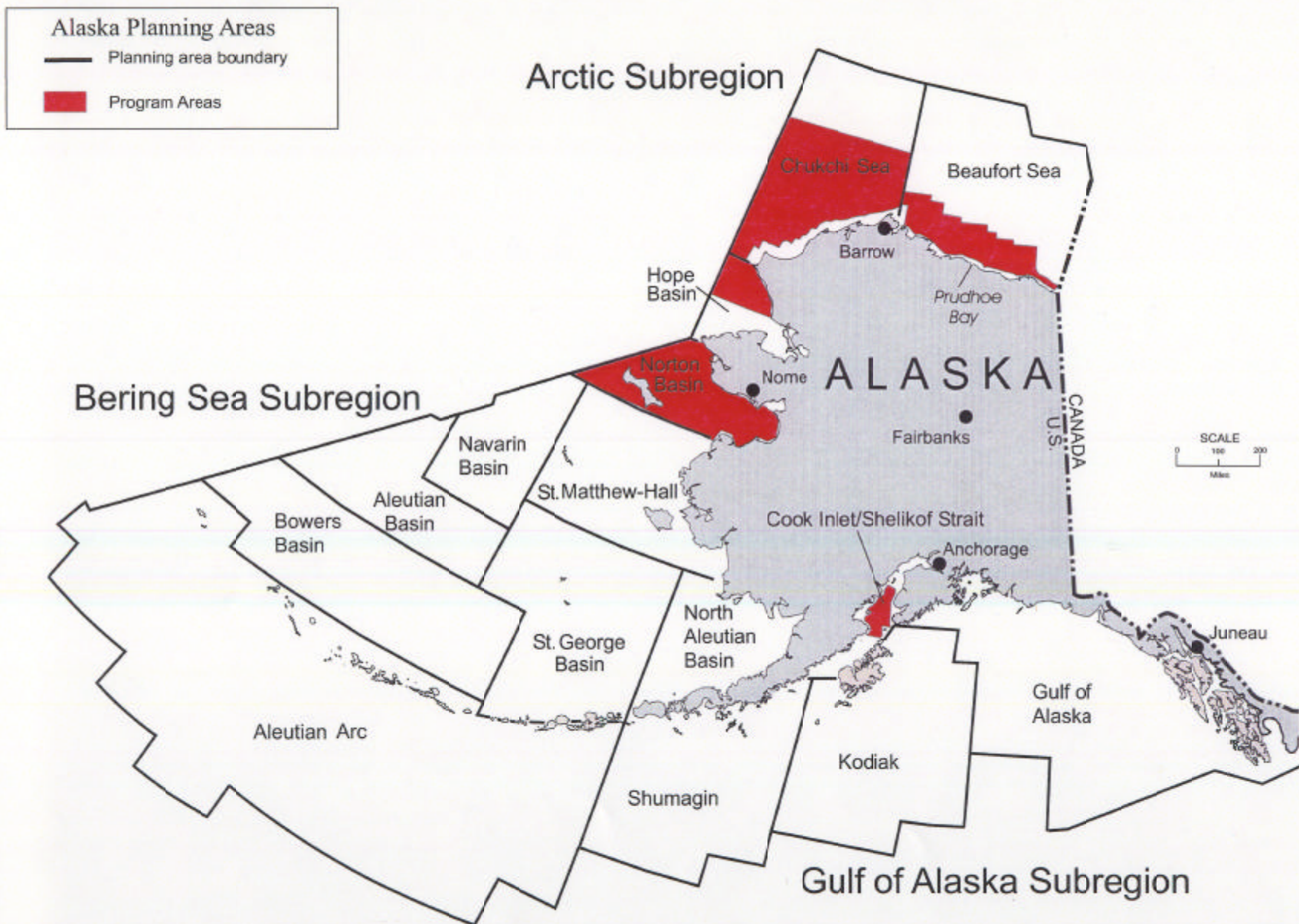
The Chukchi Sea and Hope Basin planning areas are combined for leasing in the 2002-2007 program. The Chukchi Sea has high oil and gas resource potential, and the Hope Basin has moderate natural gas potential. The Secretary decided to use the special process described for Norton Basin for these sales. All three planning areas will be offered concurrently with the prelease process beginning in March 2003 for 2004 sales.

The Chukchi/Hope planning areas will be limited to two rounds of lease issuance in the 2002-2007 program. This special process allows industry multiple opportunities for leasing while taking advantage of high oil and gas prices, low operations costs, advancements in technology, or other favorable factors over time.

#### **5-Year Program for 2002-2007—**

	<b>Area</b>	<b>Year</b>
186	Beaufort Sea	2003
*188	Norton Basin	2004
191	Cook Inlet/Shelikof Strait	2004
*193	Chukchi Sea/Hope Basin	2004
195	Beaufort Sea	2005
199	Cook Inlet/Shelikof Strait	2006
202	Beaufort Sea	2007
*203	Chukchi Sea/Hope Basin	2007

\*Special Process Sales



Note:  
The maritime boundaries and limits shown, as well as the divisions between the planning areas, are for initial planning purposes only and do not prejudice or effect United States jurisdiction in any way.